FOR PARTICIPANTS ONLY

DI/STR(2)/CRP.1
16 April 1979

ORIGINAL: ENGLISH

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Second Meeting of the South-east and East Asia Group of Consultants in connexion with the Implementation of ESCAP Resolution 180 (XXXIV): Strategies for the 1980s

16-21 April 1979
Bangkok

PERSPECTIVE PLANNING FOR IMPROVED EQUITY IN THE ASEAN REGION, HONG KONG AND THE REPUBLIC OF KOREA: THE ROLE OF QUANTITATIVE TARGETING AND MONITORING*

* This paper has been reproduced as submitted by Mahar Mangahas of the University of the Philippines, Quezon City, Philippines, with slight modifications. The views expressed in it are those of the author and do not necessarily reflect those of the United Nations.

Contents

		Page
I.	Introduction	1
II.	Trends in economic growth and inequality	4
III.	Equity in the country context: the Philippines and Malaysia ...	10
IV.	Conclusion	37
Annex		40

I. INTRODUCTION

Two Development Decades are nearly completed, and plans are now being prepared for the Third. Yet the mood is increasingly one of disillusionment and dissatisfaction, not with the rate of economic growth, but with the lack of accomplishments in the area of equity. The ESCAP secretariat has stated its disillusionment with current development strategies in ESCAP developing countries due to continuing poverty in the 1960s and the 1970s, for which it felt that international economic fluctuations and inflation were only partly responsible. The defects of the International Development Strategy for the Second Development Decade were considered to be (1) the lack of operational objectives and targets, (2) the use of an oversimplified model with undue emphasis on foreign investment and other international stimulants, (3) underestimation of the share of gains in trade appropriated by the transnational corporations, and of the barriers in MDCs to imports of labour-intensive manufactures from LDCs, and, most serious of all, (4) very strong structural constraints in many developing countries which excluded the benefits of growth from the poor (ESCAP, 1978).

In its study of Poverty and Landlessness in Rural Asia,[1/] the International Labour Organisation has argued that, in the rural sector in particular, growth has been accompanied not only by widening of relative inequality but also by worsening of absolute poverty, in the sense that (a) both a larger number and a larger proportion of people are below a poverty threshold and (b) the absolute income of a significant number of the poor have fallen. It has rejected both the food productivity picture and the unemployment picture as seats of the poverty stagnation problem. There has been a clear upward trend in per capita food output (averaging 0.7 per cent per year), assisted by technological improvements; this suggests that the problem is in the distribution of the purchasing power created by the growth of food output. Neither is unemployment the culprit, the International Labour Organisation maintains, because the poor cannot afford not to work. Actually, there commonly is a high positive correlation between educational attainment and unemployment, i.e., the unemployed are not poor and the poor are not unemployed. Instead, the problems are said to be found in (a) unequal ownership of assets, (b) allocative mechanisms which discriminate in favour of the owners of wealth, (c) investments with an urban bias, and

/(d)

1/ International Labour Organisation (1977), covering seven countries: Bangladesh, India, Indonesia, West Malaysia, Pakistan, the Philippines and Sri Lanka.

(d) innovations with a labour-saving bias.

In our region, Kuznets' famous inverted-U hypothesis still commands a strong following. Mizoguchi,[2/] in particular, conceives of the operation of the inverted-U as follows. In the early stages, rural-inequality widens as the agricultural sector grows more and more commercialized, and urban inequality also widens, though gradually; he sets the Philippines, Thailand and Malaysia in this category. The next stage is one of rapid industrialization, with a widening of income differentials across occupations and across industries (Republic of Korea and Hong Kong). Typically, there are subsidies granted to the agricultural sector, in order to help narrow the gap between rural and urban incomes. However, these subsidies, he assets, tend to be overproportionately enjoyed by the better-off farmers, thus widening further the rural inequality in incomes (Japan, Republic of Korea, and the Philippines). The turning point is finally reached when the labour market shifts from surplus to scarcity. There is a regional dispersal of industries and of income opportunities such that (a) regional differences in average income contract and (b) rural households shift to becoming part-time farming households, raising the proportion of their income derived from non-agricultural sources, with rural income inequality thus narrowing; he classifies Japan and Singapore in this stage.

However, the view (which Kuznets did not intend) that inequality <u>inevitably</u> gets worse before it gets better has not gone unchallenged. In a recent survey article, Cline (1975) contends that the hypothesis is supported only by cross-national data, and then somewhat weakly; the time series data would show that growth has been accompanied by worsening income inequality in about half of the available cases, but accompanied by improvements in equality in the other half of the cases. The simulation studies which he reviews indicate that (a) redistribution may be expected to have either neutral or only slightly negative effects on economic growth,[3/] and (b) income inequality seems to be insensitive to many contemporary development policies such as product and credit rationing, import substitution, export promotion and deficit

/spending

2/ In his introduction to Oshima and Mizoguchi (1978).

3/ The cases studied include Argentina, Brazil, Chile, Columbia, Ecuador, India, Mexico, Pakistan, Peru, Puerto Rico, Republic of Korea and Venezuela.

spending, but responsive to transfers of assets to the poor either through redistribution or through government investment.

It seems clear at least in principle that, whereas some public policies can promote one objective only at the expense of the other, there are other policies, such as the elimination of economic discrimination, which can promote both growth and equity. The World Bank (Chenery et al., 1974) has been encouraging the view that the magnitudes of trade-offs between growth and equity may have been much overstated in the past, and that it is possible to develop institutionally feasible policies in order to achieve "redistribution with growth".

In principle, policies affecting equity must fall under one or other of the following categories:

(1) Those which change the allocation and market rates of return to land, labour and capital, and hence affect these productive factors' shares in the total product.

(2) Those which change the distribution of acquired schooling and other sources, including informal ones, of human productive skills.

(3) Those which encourage economic growth of localities and activities in which the poor are involved.

(4) Those which indirectly alter lower incomes, including the provision of water, electricity, sewage disposal and other social services.

(5) Those which redistribute land and other forms of non-human productive assets.

(6) Those which directly alter upper incomes, including progressive taxation of income and wealth.

(7) Those which directly alter lower incomes, including not only direct transfers of money or food but also regressive commodity taxation.

Apparently, however, such principles have not been a sufficient guide for the design of practical and effective policies. A wide variety of programmes have been implemented, on the justification that in principle they will improve equity, but success cannot be easily detected. Are they really failures, or have they not been allowed enough time to succeed? Which programmes need augmentation, and which need to be replaced? Whereas the argumentation on these issues is so wide and so heated, the objective evidence which could be vitally important for resolving them is sadly minute.

/Although

Although simulation studies can provide some clues, they are still in the nature of *a priori* analysis, and incapable of resolving the issue.

The thesis of this paper is that the proper solutions to the equity problem not only are largely unknown at present but will remain unknown for as long as governments ignore - sometimes deliberately - the need for a system which monitors, quantitatively, the various elements of socio-economic inequity with the same regularity, the same geographical detail, and, in general, the same professional concern as the national product accounts. It argues that a most important factor explaining why governments have learned how to promote economic growth is simply the system which tells them, year after year, what the GNP and its various components are. Conversely, the absence of a similar system oriented towards equity has been the chief factor which has prevented them from discovering both their policy errors and the potential institutional breakthroughs.

II. TRENDS IN ECONOMIC GROWTH AND INEQUALITY

Table 1 contains several general economic indicators, pertaining mainly to growth. The source is the statistical annex of the World Bank's World Development Report 1978, except for the unemployment rates, which have been culled from several sources (it is worthy of note that neither the World Bank nor the Asian Development Bank, in its very useful "Basic Facts/DMCs of ADB", seems to regard unemployment statistics as overly important). In terms of population and labour force, the region of reference (ASEAN plus Hong Kong plus Republic of Korea) is growing rapidly. The countries fall under the World Bank's classification of "Middle Income", except for Indonesia, so that the Middle Income Countries (MIC) constitute a useful comparative group.

In terms of GNP per capita, most of the countries are below the MIC average, but all of them have been growing much more rapidly than the MIC as a whole during 1970-1976. In terms of GNP growth, the 9 per cent average of Singapore and the 10 per cent average of Republic of Korea are indeed very large; yet it should be clear that, relative to the MIC and, *a fortiori* relative to the world as a whole, even the 6 per cent averages of the Philippines and Thailand are quite substantial. With respect to inflation and unemployment, on the other hand, the record is rather uneven. Inflation in Indonesia has been extremely high, averaging 23 per cent, it is very serious in the Philippines and the Republic of Korea, moderate in

/Table 1.

Table 1. General economic indicators; ASEAN, Hong Kong, Republic of Korea[a/]

	Population (millions) mid-1976	Average annual growth (per cent) Total population 1970-1975	Urban population 1970-1975	Labcur force 1970-1975	GNP per capita ($US) 1976	GNP per capita Ave. annual growth (per cent) 1960-1976	GNP Ave. annual growth (per cent) 1970-1976	Average annual inflation (per cent) 1970-1976	Unemployment (per cent) 1976
Indonesia	135.2	2.4	4.7	2.2	240	3.4	8.3	22.7	2
Thailand	43.0	2.9	5.3	2.9	380	4.5	6.5	10.3	7
Philippines	43.3	2.8	4.8	2.7	410	2.4	6.3	15.1	4.1
Republic of Korea	36.0	1.8	4.9	2.9	670	7.3	10.3	17.5	3.9
Malaysia	12.7	2.7	4.7	3.2	860	3.9	7.8	7.0	7.6
Hong Kong	4.5	1.9	1.7	2.9	2,110	6.5	7.5	8.6	n.a.
Singapore	2.3	1.7	2.5	3.2	2,700	7.5	8.9	8.1	4.5
Middle income countries[b/]		2.7	4.5	2.7	750	2.8	6.0	12.5	

Source: World Bank, World Development Report 1978, August 1978, annex tables 1, 2, 13; except unemployment - Indonesia: World Bank (October 1978), Thailand: NESDB (1977), Philippines, for 1977: NEDA (1977), Republic of Korea; Choo(1978), Malaysia, for 1975: SERGPU (1978); Singapore, for 1975: Rao and Ramakrishnan (1976).

Notes: a/ Republic of Korea, throughout this paper.

b/ Developing countries with per capita GNP greater than $US 250.

/Thailand

Thailand, and by present world standards low in Malaysia, Singapore and Hong Kong. Unemployment is a moderately serious problem, especially in Thailand and in Malaysia.

It is well known that the averages in table 1 stem from regular, annual estimation work done by the respective governments, thus enabling them to evaluate their economic strategies regularly. The typical annual report on the "health of the economy" is cast in terms of the basic variables in table 1, plus numerous details added with respect to production sectors, saving and investment, foreign trade, the fiscal accounts, money and banking, and like matters. It is very rare that the state of equity receives the same quantitative treatment,[4/] even though the rhetoric on equity as a priority objective is very substantial.

Table 2 is indicative of the scantiness of data on inequality. The observations emanate from cross-section surveys of family income and/or expenditures which are often taken 4-5 years apart. Since there are so few observations, and there is little concern to keep the statistical designs of these surveys standard over time, it is hazardous to draw time-trend conclusions. It is clear, nevertheless, that income inequality is relatively high, with the Gini ratio in the .40 to .50 region for almost all countries.[5/] Coupled with the relatively low levels of average income (except in Hong Kong and Singapore), the inequalities imply that substantial numbers of the population are living in absolute poverty. The quantitative incidence of poverty, as with other indicators of inequity, depends of course on the normative assumptions which define the poverty threshold, or whatever represents the equitable standard, and such norms are necessarily country-specific (ILO, 1978). For the sake of illustration only, Table 3 summarizes absolute poverty lines used in recent studies. Only the Malaysian line, it should be stressed, in an official one. Table 4, on the other hand, presents certain "social indicators" in the areas of health and education, which are also coming into common use, to help fill the large data gap in the analysis of equity.

/Table 2.

4/ Malaysia is a notable exception, to be discussed in more detail below.

5/ In Indonesia, the country-wide Gini ratio may still be as high as .40, since we need to add a between-sector component to the (income-) weighted average of the sectoral Ginis in order to make up the over-all ratio.

Table 2. Gini concentration ratios of income inequality: ASEAN, Hong Kong, Republic of Korea

	Year	Gini (per cent)	Remarks/Source
Indonesia			
	1976	39 (urban Java) 30 (rural Java) 34 (urban outside Java) 32 (rural outside Java)	Refers to per capita consumption expenditures; computed from table A-17, World Bank (October 1978)
Thailand			
	1962	41	Oshima and Mizoguchi (1978)
	1968	43	
	1972	50	
Philippines			
	1961	45	1961-1971 from Oshima and Mizoguchi (1978); 1975 from Mangahas (1977), procedure not comparable to 1961-1971
	1965	50	
	1971	49	
	1975	55	
Republic of Korea			
	1964	37	1964, 1975 from Oshima and Mizoguchi (1978); 1965, 1970 and 1976 from Choo (1978)
	1965	34	
	1970	33	
	1975	41	
	1976	38	
Malaysia			
	1957	41	Oshima and Mizoguchi (1978)
	1970	51	
Hong Kong			
	1966	49	Ditto
	1970	41	
Singapore			
	1966	49	Ditto
	1975	50	

/Table 3.

Table 3. Comparative poverty lines in five countries (values per capita per year)

Country	Source	Year	Poverty line in local currency	Exchange rate	Poverty line in $US
Indonesia	World Bank (Oct. 1978)	1976	Rp 36,000	415	87
Thailand	Meesook (1975)	1968/69	฿ 1,000	20	50
Philippines	Mangahas (1977)	1975	1,724	7.3	236
Republic of Korea	Gupta (March 1977)				
	Rural	1974	W 55,824	485	115
	Urban	1974	W 61,000	485	126
Malaysia	SERGPU (1978)	1977	$M 579	2.4	241

/Table 4.

Table 4. Health- and education related indicators: ASEAN, Hong Kong, Republic of Korea

	Life expectancy at birth	Infants aged 0-1	Children aged 1-4	Population with access to safe water (per cent)	Schooling participation (per cent of age group)			Adult literacy rate (per cent)
	1975	1975	1975	1975	Primary 1975	Secondary 1975	Tertiary 1975	1974
Indonesia	48	..	..	11	81	18	2	62
Thailand	58	27	5	25	78	25	2	82
Philippines	58	72	7	40	105	56	20	87
Republic of Korea	61	38	..	66	109	59	10	92
Malaysia	59	35	4	34	93	41	3	60
Hong Kong	70	15	1	..	120	69	9	90
Singapore	70	14	1	..	111	53	8	75
Middle income countries	58	46	5	52	97	35	7	63

Source: World Bank, World Development Review 1978, August 1978, annex tables 17, 18.

/III.

III. EQUITY IN THE COUNTRY CONTEXT: THE PHILIPPINES AND MALAYSIA

The topic of equity is, obviously, highly value-loaded; this is quite unavoidable. The role of the social analyst is to carefully discern the prime components of the nation's values as regards equity, as expressed in the national development plans and other important statements of intent, and definitely not to impose any sort of "universalistic" conception. There are likely to be both socially acceptable and socially unacceptable inequalities, and it is only the latter which constitute inequities in the specific national context. It can be contended that demographic forces for instance, are likely to be among the acceptable elements, because of which certain natural inequalities may be expected in the 1980s, but which would not be much cause for concern.

One should distinguish between the social view of inequity, which in principle can be learned from observing peoples' attitudes and perceptions through surveys and other means, and the government's view of it, as stated in its documents or as revealed in its policies. This section will be dealing mainly with the latter. The government, of course, is supposed to act in the interests of the people as a whole; but it does set priorities among various issues, and may often regard signs of civil conflict and political danger as the only guidelines. It is not an easy task to avoid compromising long-term stability for the sake of short-term viability.

In the discussion which follows, there will be an emphasis on technical deficiencies, for that is the stress of this paper. In order that politicians may be better guided, technicians have certain homework to do. But it is clear where the final responsibility rests:

> "It must first be realized that to launch a direct attack on mass poverty is primarily a political, not a technocratic decision. It is largely a waste of time if development planners, hiding in some corridors of power attempt to estimate quietly the extent of poverty in their country, the target income groups to be reached through development plans, the institutional reforms necessary for this purpose, and the specific sets of targets and policies required to implement their plans. This, in fact has been done in a number of countries and the development planners have even convinced themselves that they have been formulating and implementing new development strategies. This is no more than an illusion. The new development strategies require such a basic restructuring of the political, economic and social balance of power that, unless a decision is reached at the highest political levels and the entire political movement within the country is mobilized behind it, these planning ex exercises will remain largely academic". (Mahbub, 1976, p. 64)

1. The Philippines

a. Overview

The Phillippine economy has demonstrated a strong capacity for sustained GNP growth, averaging about 6-1/4 per cent per year over 1950-1975, or a full generation. But the distribution of income has been very uneven, with a Gini ratio of at least .50 and perhaps as high as .55.[6/] The ratio of the top quintile's mean income to the bottom quintile's mean income rose from 12:1 in 1956 to 15:1 in 1971 (sta. Romana, 1976). Absolute poverty definitely worsened during the 1960s: the size distributions given by the Family Income and Expenditures Surveys of the National Census and Statistics Office for 1961, 1965 and 1971 depict an increase in the incidence of poverty, regardless of whether the poverty threshold used is relatively generous or stingy (Mangahas, 1979).

Economic development has been heavily concentrated in Metro Manila, whose share in the national income is about 2-1/2 times its share in the national population. The fertile Central Luzon region, although one of the best-off regions in terms of average income, was for a long time the traditional centre of agrarian unrest, and as a result also the prime target area of the government's land reform programme. Presently, Central Luzon appears to be regarded as less of a troublesport compared to the three regions with the lowest average incomes, Cagayan Valley, Bicol, and Eastern Visayas, to which the Communist movement appears to have shifted its attention. Actually, every region has a highly unequal internal distribution, having both its upper and its lower classes; e.g., in 1971, the lowest Gini ratio among 10 regions was .42. But this does not necessarily imply that economic resentment is felt by the worse-off residents only toward the better-off residents in the same region, since a substantial number of those who control land and other productive assets in a region obviously keep residence mainly in Metro Manila. The Latin American system of colonialismo interno seems to have its counterpart in the Philippines,

/though

6/ The official survey data give the lower figure. In 1975, however, the official survey captured less than half of Personal Income. The Gini ratio of .55 pertains to 1975 and is based on independent surveys, adjusted for consistency with the National Income Accounts (Mangahas, 1977 (2)).

though perhaps with less of the racial overtones.

The situation may be somewhat different in Southern Mindanao, of which the Muslim community is a part. Southern Mindanao has the third-highest mean income among the regions, with a Gini of .44 (1971). It seems plausible that resentment of the better fortunes of the non-Muslim areas in Southern Mindanao, has been one of the factors contributing to the development of the Muslim separatist movement. The government has responded to this problem with economic as well as military actions, e.g., granting special trading privileges with Sabah. Significantly, the Mindanao geographical area has been redefined into four (instead of only two) regions, two of which are strongly Muslim; this will allow easier identification of regional development reports with changes in the welfare of the Muslim group.

The natural starting point for an equity-evaluation of a society is the identification of the disaffected groups, with special emphasis on those whose resentments and frustrations are so strong that they opt for violent action, turning subversive or separatist. One would guess that many of the key people in these groups are not poor, but look to the poor for their allies. The equity problem is not merely one of poverty, for if everyone were equally poor there could scarcely be interpersonal resentment, and the problem would be how to find sources of growth. The equity problem exists both because there are economic differentials and because among these differentials are some which are felt to be due to unfair advantage, unfair to such a degree that individuals may opt for collective social, economic and political action, inclusive of violence, in order to revise the system of access to economic benefits. The solution to the problem must lie in the understanding of what, from the viewpoint of the disgruntled, constitutes the injustice, and in the adaptation of social institutions, through reform or revolution, to remove such sources of injustice.[1/]

This brings up the need for inter-group analysis, whether tenant vs. landlord, labour vs. capital, or Muslim vs. Christian. To shy away from such issues, for fear that such analysis will contribute to class struggle, is to give the analysis a surely unwarranted importance. It is only where the inter-group struggles already exist that an analysis is needed. Obviously, the analysis will require group-comparative data: such as the size of the landed estate to which the tenant farm belongs, the rate of profit in the industry which pays a certain real wage, or the disposition

/of

1/ Or else in the adaptation of the disgruntled, whether through ideological pressure or through terror, to accepting, as a social necessity, the economic differentials previously being attacked.

of public land to Christian migrants in traditionally Muslim territories. Such data may tend to be on the sensitive side, but need not be regarded as threatening the national security.[8/]

b. The effect of the data base on economic analysis

The scope of the distributional data being monitored is so limiting a factor to economic research and planning that one might think that only politicians, relying on intuition, take a practical interest in equity. Thus one finds income classified according to certain "soft" attributes of the recipient household: the age and sex of the head; region of residence; location (urban or rural); production sector in which employed; occupation (the category "tenant" is seldom used, the category "landlord" never); educational attainment; employment status (employed or self-employed); number of hours worked per week; number of dependents; and so forth. One looks in vain for data on size or value of land and of other forms of wealth; location of real property relative to residence; access to public property (say by lease); inherited wealth; indebtedness; access to educational privileges (e.g., admission to a government-subsidized university); and so forth.

It is not very surprising if economic research drifts to "soft" topics, with correspondingly "soft" policy implications, since this is all that the data base will allow. Thus there have been several cross-sectional studies of earnings-functions (Encarnacion, 1975; Quizon, 1977), concentrating on human capital and other personal attributes, which have succeeded in identifying some statistically significant determinants, yet typically explain (measured by R^2) only one-fourth, and never the majority portion of variation in earnings.

To make matters worse, the identifiable determinants tend to be those which the general public perceives as generating inequalities which are of little social concern. Recent attitudinal surveys have revealed that differences in rank, educational attainment, job seniority, occupation and ability are regarded as socially acceptable grounds for income differentials (Mangahas, 1977(1)). In general, it is also acceptable to Filipinos to include age and family size as grounds for income differentials from the point of view of need. Inequality of opportunity for higher education

/and

8/ Mahbub ul Haq (1976), the Pakistani development planner and growth-man who defected to the distribution-first school, argues that if politicians are afraid to collect "sensitive" data, then there can be little hope of real commitment on their part.

and for better occupations is felt to be socially unacceptable, however, and thus the income inequality attributable to educational and occupational inequality is only partially equitable.

Since the new Constitution of 1973[19/] has already determined that property is, relatively speaking, an unacceptable source of inequality, the surveys did not probe into this question directly. They did reveal, however, that land is regarded as a prime asset and that the general view is that restrictions of size of landownership are socially acceptable in order that more people may have the chance to be landowners. (Elite respondents, on the other hand, stated that they were amenable to wealth-democratization policies short of direct limitation of wealth.)

c. Land reform

The manner of implementation of land reform under the New Society is revealing of the nature of the equity problem as it appears to the government. There were several land reform enactments (in 1954, 1955, 1963) preceding Presidential Decree No. 27, the Emancipation Act, of October 1972. The earlier acts mainly sought rental reduction; government purchases of landed estates were provided for legally but not supported budgetarily.

/By

19/ Promulgated in January 1973, or not long after declaration of Martial Law in late September 1972. Article II, section 6 of the 1973 Constitution states:

> "The state shall promote social justice to ensure the dignity, welfare and security of all the people. Towards this end, the state shall regulate the acquisition, ownership, use, enjoyment and disposition of private property, and equitably diffuse property ownership and profits".

The comparable provision in the 1935 Constitution was much less explicit. In his speech at the inauguration of the new legislature on 12 June 1979, the President reiterated:

> "... It remains our fundamental policy that private enterprise must serve as our primary agent in the realization of economic achievement .... But let me remind everyone that while we encourage private enterprise and initiative, and oppose the abolition of private property, the Constitution requires that the government regulate wealth in the interest of the general welfare".

By 1972, the rental reduction had been implemented on perhaps one-fourth of rice and corn tenants (land reform does not cover other crops). With P.D. 27, land reform shifted to the land transfer stage. Whereas the government had purchased 19,000 hectares during 1955-1962 and 17,238 hectares during 1967-1973 (pre-P.D. 27), to date (January 31, 1979) it has approved landowners' land transfer claims on 126, 991 hectares.[10/] These purchases have involved 5,028 landowners receiving an average of ₱ 177,208, or an average value per hectare of ₱ 7,016[11/] on an average estate of 25-1/4 hectares.[12/]

Most land reform analyses would presuppose that the main equity issue is the conflict of interests between landlords and tenants. The quick issuance of P.D. 27, one month after declaration of Martial Law, could be interpreted as a suitable response. Yet the government's concern quickly turned to problems of equity <u>within</u> the group of landlords. The reform was to be implemented starting on the larger estates estates, but the size distribution of estates was unknown;[13/] so an urgent landlord registration order was issued, and it was discovered that the great majority of owners had relatively small holdings, of less than 24 hectares. As the land transfer registration process approached the smaller estates, the public resistance grew stronger. A quick survey was commissioned in order to learn how many landowners were civil servants or military personnel (including retires); but these were found to be relatively few. It was decided to offer smaller landowners "sweeteners" in the form of a 20:80 cash; bonds compensation

/ratio

10/ In 1972, the area in rice and corn tenancy was estimated at 1.8 million hectares; however, landowners are allowed a 7-hectare retention limit, which probably reduces the area scope by at least 40 per cent. Thus the pace, though substantially faster than earlier, does not match the land reforms of say Japan; with claims approved at the rate of only 5,000 hectares per month, it will take at least another decade to process those above the 7-hectare limit.

11/ These lands cover 65,824 tenants (out of close to 1 million).

12/ This compensation appears generous. See a news item on the Land Bank in <u>Bulletin Today</u>, April 6, 1979, p. 15.

13/ It is amusing how often the published size distribution of farms or operating units has been mistaken for property ownership distribution, e.g., A. R. Khan in International Labour Organisation (1977).

ratio instead of the usual 10:90 ratio.[14/] Although the use of a landowner retention scheme clearly creates a group of "second-class" tenants who cannot qualify, through no fault of their own, for land transfer, the government stood firm on this provision.

It contented itself with issuing many thousands of Land Transfer Certificates to tenants, stating therein that the tenants were "deemed owners" - following the letter of P.D. 27 - of their farms. But it allowed controversy and concomitant delays in the setting of land values for compensation and amortization purposes, and, in the meantime, the rental payments continued.[15/] Although P.D. 27 envisioned direct payment in kind from tenants to landowners, the Land Bank was called in as an intermediary, thus complicating the process; but this allowed a few very large landowners to come to terms quickly with the Bank, collect their compensation, and thus convert their wealth to other forms of investments for which the bonds are valid.

d. The effect of the data base on economic planning

The Philippines has just completed a 1974-1977 Development Plan and moved into a 1978-1982 Plan. The first plan stated at its outset that the general development objective is "to improve the standard of living of the greater mass of the population". More specific goals were:

1. Promotion of employment. Employment was to accelerate from 4 to 4-1/2 per cent by the end of the period, in order that the open unemployment rate might fall from 7 per cent of the labour force in 1972 to 3 per cent or less by 1977.

2. Maximization of economic growth. The target annual GNP growth rate was 7 per cent.

3. Attainment of a more equitable income distribution. No numerical target.

4. Regional development and industrialization. No numerical target for regional dispersal of industries; nationally speaking, the target annual growth rate for manufacturing was 10 per cent, but for agriculture it was only 5 per cent.

/5..

14/ These are nominal ratios. Because of the many uses to which the bonds can be applied, the effective counterpart ratio of the 10:90 rule is 35:65 (Mangahas, 1974).

15/ The gain in present value of income to a tenant from P.D. 27 is estimated at 53 per cent if he were formerly a sharetenant, but only 2 per cent if he were already a leaseholder enjoying rental reduction. Since the rent of such a leaseholder is approximately the same as the annual amortization, the gain to a share tenant is effectively delayed until the terms of transfer have been set and the amortization process has begun (Mangahas, 1974).

5. Promotion of social development. Facilities for education, health, electrification, etc. were to be expanded.

6. Maintenance of acceptable levels of price and balance of payments stability. The maximum acceptable annual rate of inflation was stated as 8 per cent; the target annual growth rates for exports and imports were 10 per cent and 9-10 per cent, respectively.

The plan clearly stated: "No longer is maximum economic growth the singular apex of goals. Equally desired are maximum employment, promotion of social development and a more equitable distribution of income and wealth" (p. 307). However, the targets only pertained to the growth in total output, in the various value-added sectors, and in the expenditure components of GNP. Instead, the plan implied that improvements in the distribution of income are meant to come about indirectly: "The government seeks to bring about an equality of social circumstances through institutional facilities and social services. Specifically, it acts to provide skills and better education, health, nutrition and housing, as well as to create aspiration and motivation for growth among the poor"(p. 303).

The major development programmes envisioned in the Plan were typically rationalized as favouring the low income groups:

1. Integrated regional projects. Promoting development in a specific region by means of simultaneous programmes, e.g., irrigation, rural electrification, and agrarian reform.

2. Agrarian reform. This involves tenure transfers from tenancy to amortizing-ownership, liberal credit for operating capital, and a subsidy on fertilizer. The plan felt that the reform will improve equity, increase agricultural productivity,[16] and raise over-all demands for labour-intensive goods.

3. Co-operatives. "Co-operatives ... generate economies of scale inherent in pooling together weak and isolated resources. The rationale behind these lies in the strong bargaining power from bigness" (P. 21).

4. Food production programme. This follows the lines mentioned above: irrigation, credit, and subsidized fertilizer; agricultural research and extension are also emphasized.

5. Infrastructure development. This involves (a) "social services" such as schools and hospitals, and (b) regional equity, e.g., preference to public works projects in Muslim areas.

/6.

16/ However, see Mangahas, et al. (1976) which argues that land transfer per se is only neutral as to agricultural productivity.

6. Housing. Provision of low-cost housing, using labour-intensive techniques of construction.

7. Tourism. This is rationalized mainly on grounds of the need to generate foreign exchange receipts. However, it is also claimed that tourism is a labour-intensive industry.

8. Health. The policy is to concentrate construction of new facilities in rural areas, and to require medically-trained personnel to serve for limited periods in rural areas.

9. Family planning.

10. Rural electrification.

11. Education and manpower development. The government is required by the constitution to provide universal free elementary education, and if feasible, high school education. There is now an effort to restrict the number of college admissions and to expand vocational training centres, with the objective of reducing the problem of the educated unemployed.

12. Social welfare and community development. This is a relatively minor programme, consisting mainly of "assistance projects" or direct transfers, and "socio-economic advancement projects" or small loans/grants intended for small operating capital for income-earning activities.

Since the Plan does not commit itself to a quantitative income distribution target, this suggests that the actual government attitude with respect to equity is to be content with only those improvements which may be derived from various acceptable types of programmes. Relief and poverty redressal operations are frowned upon. Families are encouraged to have more of their members participate in the market labour force, and labour-intensive production techniques are also encouraged in order to provide the needed job openings. Wage levels themselves seem to be, for the time being, of very little consequence; the only important thing to watch for is that they are not "prematurely" pushed up, thus weakening the demand for labour by employers. In due time the condition of surplus labour is supposed to become exhausted, the productive quality of the labour force in terms of health and training would have improved, the years of accumulated investments will have created a condition of labour scarcity relative to capital, and market forces will of themselves push up real wage rates. Surprisingly, the land transfer programme is never justified in terms of equity, but instead is expected to demonstrate positive effects on productivity. According to the Plan:

/Full

> Full-scale implementation of the integrated land reform programme may help alleviate unemployment and underemployment especially by creating an atmosphere more conducive to greater productivity and higher farm income. It also aims to bring about a change in the pattern of land utilization that will induce more labour absorptive activities in the farm (p. 337).

In the current 1978-1982 Plan, there is again no shortage of good intentions. In the Preface, "social justice" is cited as an "overriding thrust". In his Introduction, President Marcos describes it as an attack on mass poverty, and says that

> "... the measures to be taken include not only those which directly alter the distribution of income and wealth, but also those which expand opportunities for employment advancement and the capacity to participate and share in development". (p. xxxi)

In the text of the Plan itself, the very first paragraph of Chapter 1 (entitled "National Goals and Policies") states:

> "The achievement of a much improved quality of life for every Filipino is the supreme national aspiration. Towards this end, the conquest of mass poverty becomes the immediate, fundamental goal of Philippine development". (p. 3)

At this point, it is worth remarking that the policies whereby these ideals are to be pursued do not differ significantly from those given in the 1974-1977 Plan. The only measure identifiable as capable of "directly altering" the distribution of income and wealth is no longer new, i.e., the land transfer policy for rice and corn tenanted lands, set into motion by P.D. 27 and its subsequent implementing regulations. There is no intimation that, for instance, land reform is going to be extended to other crops. The main policy is still the pursuit of greater productivity, preferably in areas outside Metro Manila, preferably rural, in small-or medium-scale industries, in labour-intensive processes, in export-oriented products, etc. Yet the 1978-1982 Plan states:

> "The increase in the real per capita GNP of more than three per cent per year in the last four years has not appreciably alleviated the condition of the urban and rural poor who comprise more than half of the total population". (p. 6)

Since this is the official view, one would have expected that the policies in the 1978-1982 Plan should be somewhat different from those in 1974-1977, if not in general direction then at least in intensity.

Like before, the current Plan only goes a short way towards specifying concrete equity-related targets. These include:

/(a)

(a) Open unemployment. The Plan cites the proportion of the labour force completely without work at 4.1 per cent for 1977. (Thus the 1974-1977 Plan target that it should fall from 7 per cent in 1972 to 3 per cent or less by 1977 was nearly achieved). The target unemployment rate for 1978-1982 is a constant 4.0 per cent, or a weaker target than earlier.

(b) Visible underemployment. Defined as the proportion seeking more work out of those employed less than 40 hours per week, this is targeted for a substantial drop from 5.3 per cent in 1977 to 3.6 per cent in 1982 and further to 2.5 per cent 1987. However, there is no mention of a numerical target for the invisibly underemployed, who constitute a more serious problem.

(c) Undernutrition. In my opinion, this is the only area in which the Plan shows a serious technical interest in equity. The Plan reveals that a very large national survey of preschoolers in March 1977 indicated that over 30 per cent were suffering from moderate or severe protein-energy-malnutrition (PEM), that the PEM rate has not had a decreasing trend, and that it may even have been worsening among "disadvantaged groups" (p. 188). Table 5 reproduces the Plan's estimates of the base rates of PEM among children in 1976, and its highly aggressive set of targets for reduced PEM over the planning period. What is most interesting policy-wise in the nutritional section of the Plan is the mention of possible intervention programmes, such as direct-feeding, which suggest that government may now be considering some form, albeit limited, of direct redistribution of consumption. The standard declarations of higher food productivity targets and of better nutritional education are of much less consequence because (a) the present sad state of PEM, in spite of more than a decade of the Green Revolution, clearly shows that higher productivity of itself has been ineffective, and (c) recent research has confirmed long-held, commonsensical suspicions that nutritional know-how of itself is not substitutable for basic, real-valued purchasing power. 17/

(d) Other "social indicators". The 1978-1982 Plan follows the trend towards setting targets for several standard health and education variables (table 6).

The treat failing in the 1978-1982 Plan is that it fails to set targets for its declared objectives.

(a) Although there have long been many poverty lines suggested for Philippine use (Mangahas, 1979), the planning agency has been hesitant to make an official selection, however liberal or conservative. There is no statement in the Plan regarding some intended poverty incidence rate; all one finds is one

/Table 5.

17/ See papers of the PREPF Health and Nutrition Project, U.P. School of Economics, 1977.

Table 5. Philippines: target rates of undernutrition in the 1978-1982 plan

		Per cent of children aged 0-6		Per cent of children aged 7-12	
		Second degree	Third degree	Second degree	Third degree
Base year	1976	24.8	5.8	13.3	0.7
Targets	1978	21.4	4.6	8.2	0.4
	1979	19.8	3.7	6.5	0.3
	1980	18.4	3.0	5.1	0.3
	1981	17.1	2.3	4.0	0.2
	1982	15.8	1.8	3.1	0.2
	1987	11.0	0.9	1.2	0.1

Source: NEDA, 1978-1982 Plan, p. 184.

/Table 6.

Table 6. Philippines: target levels of selected indicators of health and education

	Base	Target	
		1982	1987
Average life expectancy at birth	60 (1976)	62.4	64.4
Average infant mortality rate, per thousand	74 (1976)	65	56
Literacy (per cent)	83.4 (1970)	90	92
Schooling participation (per cent)			
Age group			
7-13 (primary)		98	98
13-17 (secondary)		60	63
17-22 (tertiary)		19	21

Source: NEDA, 1978-1982 Plan.

/sentence

sentence stating that mean income of the bottom 30 per cent should grow at a faster rate (unspecified) than 4.9 per cent the target annual average growth rate of GNP per family (p. 45).

(b) There is again no target for income inequality. An earlier draft, discussed in a public hearing in mid-1977, made projections to the year 2,000 on the basis of an inverted-U relationship. It was criticized as suggesting that the government was either deliberately planning for or else raising its tolerance for inequality; the final draft of the Plan simply skipped the topic altogether.

(c) There is no target for real wages, although it is declared that "manpower will be employed under just terms and conditions (p. 107)" and that "a high rate of labour absorption will minimize underemployment and assure a steady and upward movement of real wages (p. 11)". Yet the Plan states that "sustained increases in labour productivity underlie the employment targets (p. 42":

Sector	Target annual growth of labour productivity, 1978-1982
Agriculture	3.6 per cent
Industry	5.1
Services	2.6

These are obvious starting points for establishing targets for real wages.

/2.

2. Malaysia

On the basis of several standard indicators, Malaysia could easily be regarded as the best-off country in the region: per capita GNP of $US 860 (1976), exceeded only by Hong Kong and Singapore, and growing at a long-term annual rate of nearly 4 per cent; the lowest rate of inflation, at 7 per cent annually during 1970-1976; the most favourable man-land ratio, at 38 persons per sq km, only half that of Thailand and Indonesia. However, its open unemployment rate is relatively high at 7 per cent (table 1). Since the income concentration ratio is also high at .51 (table 2), the favourable income average coexists with a substantial incidence of poverty, and, notwithstanding the high growth rate, there have been vulnerable groups, notably in the rural areas, who have apparently grown worse off in absolute terms.[18/]

Yet these standard elements do not go to the core of the equity problem in Malaysia. The problem is one of inter-racial balance. Malaysia inherited, from its colonial experience, a population in which the Malays have only a small majority, the Chinese constitute one-third, and Indians about one-tenth. The political divisions are also racial. The Constitution of the new nation featured a compromise whereby the migrant population obtained citizenship in exchange for special rights granted to the bumiputras (Malays and other indigenous groups), e.g., land reservations; powers of hereditary sultans and other rulers of the states of the federation. The Malays have always been the dominant party in the coalition holding power in government. They are also dominant in the civil service, partly due to the colonial history. Very many of the Malay political leaders are members of the traditional mobility and/or have been in the civil service. Although the ruling coalition includes a Chinese party, the political opposition, both above and below-ground, is dominated by Chinese.

/On

18/ See E.L. H. Lee, "Rural Poverty in West Malaysia" in International Labour Organisation (1977), who demonstrates that real income of the bottom 40 per cent in rural areas fell between 1957-1970, even though rural areas have had a high development priority. He argues that the rural policy was too growth-oriented, such that (a) irrigation were placed not in the poorest areas but in the agricultural "bowls", (b) land development schemes dispensed new farm lots much larger than traditional sizes, and (c) land replanting grants (on rubber, a long-term crop) excluded an allowance for subsistence, which put smallholders at a disadvantage. He feels that the land development policy created a small minority (about one-tenth of the 1957 number of households) of prosperous peasants, having incomes as much as 10 times that of the lowest rural quintile.

On the average, incomes of Chinese are double those of Malays (table 7), which is an important factor making for inter-racial resentment. Relative income inequality is high within each race, but the incidence of poverty is least among the Chinese on account of their higher mean income. (The typical poor household is Malay, engaged in farming, and has many children; the household head has not completed primary school; and is more likely to be located in Kadah, Kelantan, Perlis or Trengganu.)[19/]

May 13, 1969 was a turning point in Malaysian history, when, following an election victory by opposition Chinese, racial riots broke out in Kuala Lumpur and other cities, killing hundreds and sending the nation into shock. In this paper we shall not be concerned with the reasons, proximate or latent, for the event, but with the reaction of the Malaysian government in terms of equity planning and policies. The government enunciated a New Economic Policy (NEP), to guide the Second Malaysia Plan (SMP, 1971-1975) and the Third Malaysia Plan (TMP, 1976-1980), "designed to achieve national unity through the two-pronged objectives of eradicating poverty irrespective of race and restructuring society to eliminate the identification of race with economic function" (TMP, p. 2). At the same time, however, it declared:

> "The objectives of social justice underlying the NEP cannot be viewed independently of growth objectives. The level and growth of income of socio-economic groups in poverty is to be raised in the context of rising standards of living. At the same time, the restructuring of the racial composition of employment and wealth ownership is to be effected in ways which do not deny opportunities to others as well.... What is sought is redistribution in a context of dynamic growth so that no particular group experiences any loss or feels any sense of deprivation in the process" (TMP, p. 8).

The Malaysian development plans are unique, in the region, in terms of the specificity of the equity targets. The incidence of

/Table 7.

19/ See Anand (1977). The food component of the poverty line of $M 25 per capita per month is based on the diet given in government hospitals: not bare subsistence, but adequate for the normal average adult and enough for normal growth and maintenance of good nutritional health in children.

Table 7. Peninsular Malaysia: population, income and income inequality by race, 1970

	Population (per cent)	Mean income ($M/month)	Gini concentration ratio	Poverty incidence among households (per cent)
Malays	53.0	149.24	.463	64.8
Chinese	35.6	324.56	.453	26.0
Indians	10.6	235.39	.468	39.2
Others	0.8	519.19	.668	44.8
Total	100.0	200.75	.506[a/]	49.3

Sources: Population, Vital Statistics, Peninsular Malaysia; income and Gini ratio, Rogayah and Ishak (1977); poverty, Third Malaysia Plan, p. 180, which apparently uses a poverty line of $M25 per capita per month (1974/75 Economic Report, Ministry of Finance). ...

Note: a/ The income-weighted average is .469, leaving a residual of .037 as attributable to inequality between the races.

/absolute

absolute poverty was officially quantified at 49 per cent in 1970, and targeted to fall to 34 per cent in 1980 and to 17 per cent in 1990 (table 8). Poverty incidence rates were estimated for each of several identified target groups.[20/] It was essential to be able to present up-to-date figures, and technicians were compelled to resort to heroic assumptions in order to get results.[21/] Early this year, the Mid-term Review of the Third Malaysia Plan was released, and poverty incidence rates for 1978 published in the newspapers (table 8). These figures are probably not too accurate,[22/] but, what is more important, they are prompt, which is essential to keep public consciousness of the poverty problem at a high level.

In principle, estimates can be corrected later on as the source material improve. However, the Malaysian government is very sensitive about release of its data. The hurriedly-done 1975 estimates in the TMP have been left to stand. As of late 1978 the 1973 survey results had not been made public, though it was hinted that relative income inequality in 1973 was less than it was in 1970 (Arshad, 1978). Some results from the 1976 survey have been included in the recent Mid-Term Review of the TMP (table 9); they show that incomes in the bottom four deciles rose by an average of 10 per cent per year, in current prices. Still, the prospects for early public release of the size distribution of income in 1976 seem rather poor, which, unfortunately, will in due time endanger the credibility of the official reports.

/Table 8.

20/ The agricultural groups listed in the table, plus estate workers, New Village dwellers (mainly rural Chinese, who were collected into garrisoned villages during the Emergency, to isolate the rural population from the enemy), Orang Asli (aborigines), and the urban poor, particularly the squatters.

21/ Thus the Third Malaysia Plan, published in mid-1976, contains estimates of poverty incidence for 1975, even though the latest available income cross-section was the 1970 Post-Enumeration Survey. There had been a household survey in 1973, for which results may have been available in 1975.

22/ The Economic Planning Unit has a Poverty Section which estimates poverty incidence in target groups on an ad hoc basis, using surrogate variables such as farm output and input prices. In 1978 it presumably had cross-section income surveys of 1973 and 1976 (taken in conjunction with the Agricultural Census) to work with.

Table 8. Peninsular Malaysia: incidence of poverty, 1970-1990
(poor households as per cent of total households)

	Base 1970	Estimate 1975	Estimate 1978	Target 1980	Target 1990
Peninsular Malaysia	49.3	43.9	36.6	33.8	16.7
Rural	58.7	54.1	n.a.	43.1	23.0
Agriculture	68.3	63.0	54.6	49.3	26.6
Rubber smallholders	64.7	59.0	48	40.0	24.0
Oil palm smallholders	30.3	9.1	n.a.	8.2	-3.0
Coconut smallholders	52.8	50.9	43.9	47.1	27.1
Padi farmers	88.1	77.0	74	73.0	30.0
Other agriculture	64.9	64.6	n.a.	54.0	29.0
Fishermen	73.2	63.0	55.5	52.0	39.0
Other industries	35.2	35.4	n.a.	32.2	18.9
Urban	21.3	19.0	n.a.	15.8	9.1
Mining	33.3	37.7	n.a.	31.5	18.2
Manufacturing	23.5	17.4	n.a.	14.0	7.6
Construction	30.2	23.9	n.a.	20.0	12.5
Transport and utilities	30.9	21.4	n.a.	17.3	8.6
Trade and services	18.1	18.5	n.a.	15.7	9.5

Source: Third Malaysia Plan, p. 73, for 1970, 1975, 1980, 1990; for 1978, Mid-Term Review of the Third Malaysia Plan, as reported in the New Straits Times, March 1979.

/Table 9.

Table 9. Peninsular Malaysia: mean monthly household incomes in the lowest four deciles, 1970 and 1976

(In current prices)

	1970 $M	1976 $M	Annual growth rate 1970-1976 (per cent)
Malays	56.76	100.20	9.9
Chinese	135.93	245.00	10.3
Indians	112.48	198.70	9.9
Others	44.72	101.01	14.5
Total	75.90	138.40	10.5

Source: Mid-Term Review of the Third Malaysia Plan, as reported in the New Straits Times, March 1979.

/"Restructuring

"Restructuring of society" refers to the objective of equating relative racial participation in certain activities with the racial distribution of the population. The activities of concern to the government are (a) employment by sector of production, (b) employment by occupation, (c) ownership of share capital in limited companies (the corporate sector), and (d) admission to higher education. Racial participation in all these activities in numerically targetted. The monitoring is done annually, but results are not as prompt in the employment areas as they are in the areas of corporate investments and in university education; this pattern would not be unexpected, since the latter two issues are much more politically sensitive.

The structure of ownership of share capital in limited companies during 1970-1975 is given in table 10. The dominance of foreign interests is very striking, being double that of the next-largest group, the Chinese. The category "Malay interests" corresponds to government holdings in private companies which are being held "in trust", the intention being to dispose of them in due time, when the Malay community is in a better position to afford to purchase such stocks. The target for 1990 is a 30:40:30 distribution among Malays, other Malaysians, and foreigners respectively. This is constantly repeated in public statements of both government officers and private businessmen, and is certainly high in the social consciousness.

The last row of the table uses a coefficient of racial imbalance (Mangahas, 1978), which ranges from 0 per cent (perfect balance) when corresponding racial shares are all equal, i.e., the probability of one's participation in the activity is independent of one's race, to 100 per cent (maximum imbalance) when there is one community group which is of extremely small size and which monopolizes the activity.[23/] Imbalance can be diagrammatically depicted by asymmetry in the profile of a building, thus suggesting the need for "restructuring," as in Chart 1, which depicts racial imbalance in share capital ownership at 44 per cent[24/] in 1970, and the equivalent of the 30:40:30 target in 1990 as a coefficient of imbalance of only 9.6 per cent.

/Table 10.

23/ The coefficient is $(e_k - p_k)^2/(1+ p_k^2)$ where p_k is the proportion of the population belonging to community k and e_k is the proportion of the participants in the activity who belong to community k. This co-efficient is much less if the Malays monopolize anything than if say the Indians monopolize it.

24/ Slightly different from the 1970 figure in table because the coefficient is higher when there are more groups, defined more finely.

Table 10. Malaysia: racial imbalance in ownership of share capital in limited companies, 1970-1975

	1970	1971	1972	1973	1974	1975
Percentage distribution:						
Malays	1.6	1.9	1.9	2.1	2.2	2.3
Malay interests	9.8	1.6	2.3	3.2	4.5	5.5
Chinese	27.2	28.8	28.6	27.8	28.2	27.9
Indians	1.1	1.2	1.1	1.2	1.2	1.2
Other Malaysian	6.0	5.8	6.0	7.6	7.7	8.2
Foreigners	63.3	60.7	60.0	58.1	56.2	54.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Coefficient of racial imbalance (per cent deviation from perfect balance)	47.6	44.4	43.2	41.3	38.9	37.3

Source: SERGPU (1978).

/The

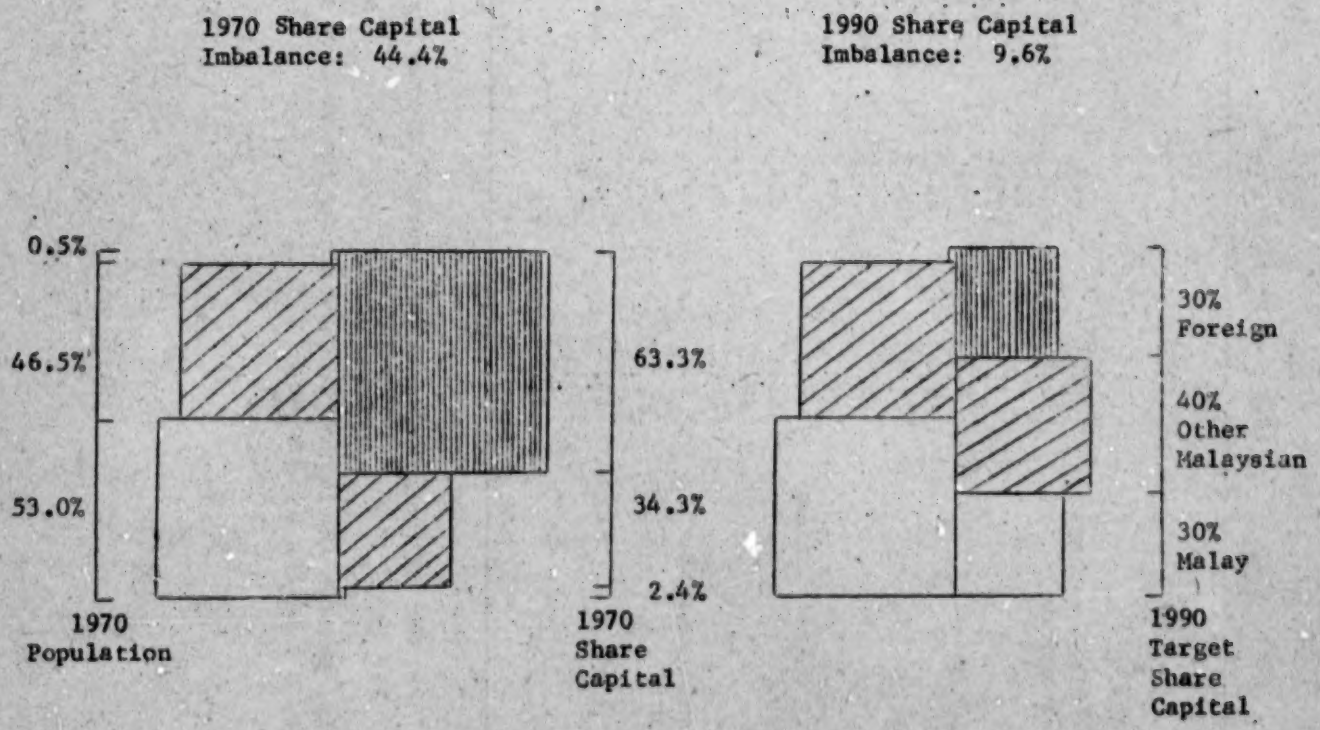
The year-by-year reduction in imbalance is clearly shown in table 10. The target calls for a reduction of about 35 points in the coefficient over a 20-year period, and 10 points have been accomplished in the first 5 years; so maintenance of the trend does suggest that the target can be accomplished.

The key policy is clearly the acquisition of equity capital by the government in trust for the bumiputra group, since the scale of the target is far too large for Malays to accomplish under private incentives. Thillainathan (1976), using a model of the wealth accumulation process, showed that Malaysian parameters (the rate of population growth, saving propensities, the rate of return on capital, the rate of growth of labour productivity) are too constraining for the private sector to meet the target. Since there has been a neglect of policies to sufficiently mobilize small Malay savings, raise Malay productivity, and lower Malay population growth, he argues, the government's only alternatives are to buy shares in trust or else to enter the corporate sector itself. Thus the primary objective of restructuring of society may produce, as a side effect, the rise of public enterprises in the corporate sector.

Racial imbalance in employment is described in table 11. The imbalance is relatively high in several sectors and occupations, with a superscript denoting the racial group which benefits most, relatively speaking: the Chinese are over-represented in administrative and managerial, sales, and production occupations, and in the mining and quarrying, manufacturing, construction, and commerce sectors; the Malays are over-represented only in agriculture; and the Indians are over-represented in the electricity, water and sanitation, and transport, storage and communications sectors. In other occupations and sectors the imbalance is rather small, notably in the group of professional and technical workers. The 1970-1975 trend shows a decline in the degree of racial imbalance in all sectors except agriculture, and in all occupations except sales. The racial direction of the imbalances all stay the same. The target racial structures have been numerically stated (in the TMP) for occupations but not for sectors. The implicit target imbalance coefficients are almost but not quite zero, notably remaining at 3.9 per cent in the sales occupation (so one may gather that this is where Chinese are least resented).

In the case of unemployment, however, the racial imbalance has increased. The superscript still denotes the group which benefits most, i.e., in 1970 the Chinese were relatively under-represented in employment, but in 1975 it became the Malays who were under-represented, and the degree

/Chart 1



/Table 11.

CHART 1

Table 11. Peninsular Malaysia: coefficients of racial imbalance in employment, by occupation and by sector, 1970, 1975 and 1990 (target)

	1970 (per cent)	1975 (per cent)	Target 1990 (per cent)
Unemployment	0.25[c]	0.6[m]	0.0
Employment by occupation			
Professional and technical workers	0.3[c]	0.2[c]	0.1[c]
Administrative and managerial	13.1[c]	6.0[c]	0.3[c]
Clerical	4.5[c]	2.8[c]	0.3[c]
Sales	11.9[c]	12.1[m]	3.9[m]
Agricultural	3.3[m]	3.1[c]	0.9[m]
Production	7.3[c]	4.3[c]	0.1[c]
Services	1.1[c]	0.4[c]	0.0
Employment by sector			
Agriculture, forestry and fisheries	2.7[m]	2.8[m]	
Mining and quarrying	12.5[c]	6.2[c]	
Manufacturing	10.9[c]	7.3[c]	
Construction	10.8[c]	8.7[c]	
Electricity, water and sanitation	5.7[i]	4.8[i]	
Transport, storage and communications	1.3[i]	0.4[i]	
Commerce	12.7[c]	8.3[c]	
Services	0.3[i]	0.2[i]	

Source: SERGPU (1978) for 1970 and 1975; 1990 figures computed from data in Third Malaysia Plan, p. 83.

Note: A superscript denotes the racial group which is favoured by the imbalance: c = Chinese, m = Malay, i = Indian.

/of

of imbalance was larger than it was in 1970. The target, however, is for unemployment to be kept at 4 per cent of the labour force for each racial group, which of course carries an imbalance coefficient of zero.

The programme to shift Malays to the modern sectors and occupations is carried out through quotas, by fiat in the publicly-supplied jobs, and through moral suasion and various types of pressure elsewhere. In addition, the strict racial quota system of admission to local colleges and universities changes the racial composition of trained manpower from the supply side. The main problem appears to be in the agricultural sector, where the pace of conversion is slow. Thillainathan (1976, 1978) has pointed out that the employment targets require not only a migration of Malays from the rural to the urban areas but also a reverse migration of Chinese and Indians from the urban to the rural areas which is difficult to encourage, considering the Malay land reservation policy in rural areas. His warning that the practice of reserving jobs for Malays in the modern sector will worsen unemployment among the other racial groups is consistent with the unemployment data already presented.

The racial distribution of students in colleges and universities, which is well-known to be politically sensitive issue, is given in table 12. This is heavily under government control, since there are no private universities in Malaysia. In local institutions, the enrolment grew by nearly 80 per cent over 1970-1978. The racial imbalance both shifted from pro-Chinese to pro-Malay and increased in degree, from 0.7 per cent in 1970 to 3.0 per cent in 1978. The difficulty in obtaining a local admission induced many Chinese families to invest in foreign schooling for their children, obviously at a much higher cost (the government scholarships for foreign training are also pro-bumiputra). If the foreign enrolments are also counted, then it is seen that the racial structure is imbalanced towards the Chinese, with a coefficient of 1.3 per cent (1978).[25/]

There are some indications that the Malaysian policies are also tending to raise relative inequalities. For instance, it has been observed that, if the sole requirement for eligibility to purchase the government's equity-held-in-trust were bumiputra status, then the beneficiaries would be only those bumiputras with capacity to purchase, and such capacity to purchase can only come from large prior savings, or large surplus out of

/Table 12.

25/ For some time, the Malaysian government has been using the foreign enrolment argument to respond to critics of its discriminatory university admissions policy, particularly those who point to the objective that no group "will experience any loss or feel a sense of deprivation in the process".

Table 12. Malaysia: distribution of students in colleges and universities by race, 1970, 1975, 1978

	In local institutions only						Both locally and abroad
	1970		1975		1978		1978
	number	per cent	number	per cent	number	per cent	per cent
Malays	6,622	49.7	20,547	65.1	23,607	70.7	44.8
Chinese	5,687	42.7	9,778	31.1	8,291	24.7	44.9
Indians	687	5.1	1,038	3.3	1,322	4.0	9.1
Others	337	2.5	166	0.5	201	0.6	1.2
Total	13,324	100.0	31,529	100.0	33,501	100.0	100.0
Coefficient of racial imbalance (per cent)		0.7[c]		1.4[m]		3.0[m]	1.3[c]

Sources: SERGPU (1978) for 1970, 1975; Mid-Term Review of the Third Malaysia Plan for 1978 (as reported in New Straits Times, March 1979).

/current

current income, or ability to borrow large amounts at favourable terms, i.e., can only be expected from the bumiputra rich, resulting in a further concentration of wealth and income (Meerman, 1976).

In Mokhzani's view (1978), the NEP benefits mainly the Malay officer class in both government and private sectors, and may create a social gap between the Malay lower class and the Malay middle class. The latter is acquiring the role of "representative" of the Malays. It controls the "Malay-interest" portion of corporate capital, through seats occupied by government officers in directorial boards. It gets better opportunities in education, credit, employment and investment; it benefits from the boom in urban property values; and it is involved in politics. Mokhzani warns that the Malay middle class may eventually alienate itself, and cause a problem of inter-class inequality more serious than that of inter-racial inequality.

As yet, however, the Malaysian planning objectives do not include the need to reduce relative inequalities within each race. Mahathir is well-known for the view (1970) that the Malays as a group need to see that a few among them become wealthy, and thus demonstrate that the race is not inferior, and he expects that these wealthy will keep "a sense of obligation" to their people. It is conceivable, nevertheless, that official priorities can change, as they did after May 13th, 1979. The question is, not only in Malaysia but in the other societies of the region, can governments consider questions of inequity on a sober, sympathetic basis, learning to cope with problems of economic justice before they turn into political crises.

IV. CONCLUSION

This paper has emphasized the meagreness of the distribution data, taken in the light of the varying social relevance of different components of inequality. Research into sources of economic inequality has too often been limited to such relatively non-sensitive variables such as age, sex, geographical region, value-added sector, occupation, education, hours of work, etc., largely because these are the data into which the government monitoring apparatus is willing to inquire. Where regression analysis has been used, the candidate determining variables explain only a small fraction of inequality. Where decomposition analysis has been attempted, the more interesting between-component inequalities are very minor in comparison to the within-component inequalities. Either type of analysis is unable to

/shed

shed much light on those inequalities which can be interpreted as inequities in the specific national context. Thus the state of the science is extremely weak and unhelpful in suggesting policy actions, quite unlike the research experience in economic growth: certainly the highly successful research into sources of economic growth, during the 1950s and 1960s, did much to help stimulate innovative and aggressive government policies in support of growth.

In this setting vague theories, only very partially supported by objective evidence, it is not at all surprising that the competition of ideas should be related mainly to struggles between and among various political and vested-interest camps. Various programmes which have been allowed to emerge from the ideological conflict, such as land reform in the Philippines and the New Economic Policy in Malaysia, need to be appreciated not only from the viewpoint of what they may be expected to accomplish by the 1980s, but also with a concern for whether governments have the proper means of detecting whether the programmes are keeping the proper course towards the social objectives, and not creating new inequities unnecessarily.

Thus, even though governments may be taking only very cautious steps towards improving equity, this does not imply that planners, statisticians and researchers, including those government employed, should treat the equity problem with equal hesitancy. Kuznets himself has disclosed that he derived the inverted-U hypothesis from broad historical and analytical considerations, not from studies of time series of inequality. He describes modern economic growth as "a kind of controlled revolution" in which interest positions and group interests shift rapidly, poverty can increase, and wealth and power can become concentrated in the hands of a few. He never suggests that society should merely tolerate this; nothing the United States civil war and the 19th century European revolutions and conflicts, the question is whether present societies can withstand such pressures, as their predecessors could not. Kuznets states:

> "It follows that one major goal of the study of the distribution of income and employment is to observe the limits of tolerance for widening inequality, even if such inequality may seem efficient in the shorter run and in the purely economic sense.
>
> ...
>
> "This means that we have to be prepared for a double set of uses of distributions of income and employment. The first set is for signalling disturbing developments, even if they are short-term. If one finds some disturbing factor ...

/the

> the danger is obvious - and it does not help that, in the longer-run, the problem will be resolved, as it usually is, by some technological or social innovations. Meanwhile, the social pressures may result in a shift in political structure that will have long-term consequences, not necessarily favourable for a satisfactory pattern of economic growth. It is worthwhile mentioning this point because the short-term signalling functions are poorly served now by distribution of income data. The available data are rarely designed for this purpose and thought should be developed to establishing means by which fairly reliable information can be secured efficiently and promptly so that the signals can be read properly."26/

One would hope that the 1980s would see a period in which the success or failure of equity-oriented policies would no longer be indicated simply by the absence or presence of dramatic civil conflicts, or subversive or secessionist movements, but by a reliable, scientific system of continuously detecting small changes, positive or negative, in conditions of equity, thus allowing early-warning signals of policies growing anti-productive and dangerous or of being non-productive and wasteful, as well as of early signals of improvements which deserve to be more vigorously pursued. Such a system would be necessary for social scientists to understand better the socially-relevant processes of inequality, for government leaders to guide their policies and programmes, and for the various social groupings to be assured of the seriousness of the commitment to the declared national equity objectives.27/ An equity-oriented data system is necessary to provide the basic raw material, which should then be regularly analyzed and reported. Obviously, good socio-economic analysis of a good data base will not of itself create the social transformations required in order to attain an equitable society; but it should allow the problems to be better understood, and the solutions discovered and applied in a less disruptive and more human process than before.

/Annex

26/ See Kuznets' introduction to CAMS-JERC (1975), pp. 3-4.

27/ Projects on social indicators, as have been undertaken in the Philippines, Republic of Korea and Malaysia, are a helpful beginning, insofar as they keep focus on vital development objectives in each country context, and do not degenerate into collections of miscellaneous statistics.

Annex

Republic of Korea

Incomes are relatively less concentrated in the Republic of Korea than in the rest of the region. Choo (1975) has argued convincingly that the evening of income and wealth occurred mainly as aftermaths of the Second World War and the Korean conflict. Aside from the great destruction of property, he recounts (a) that colonial Japanese business holdings, which controlled both the corporate sectors in industry and agriculture, were taken over by the United States military later the Korean government, and still later resold to Korean businessman; (b) there were land reforms in 1947 (to distribute government-owned land) and in 1949 (to redistribute private tenanted land above 3 hectares in size [28/]); landlords were able to sell their land value certificate for only 20-30 per cent of face value; (c) the scarcity of food was reflected in very favourable terms of trade for the farm sector, which greatly narrowed the urban-rural gap in average income; (d) after the student revolt in 1961, which deposed the Rhee regime, the government went after the highest echelon of owner-businessmen for illegally accumulated wealth,[29/] eventually collecting Won 4 billion. As a result, he judges that the share of property in total income was for some time as low as 10 per cent, though recently it has probably increased due to the urban land value boom.

Thus the rapid growth of the Republic of Korea in the late 1960s and the 1970s can not be said to have lowered income inequality, since inaquality was already narrow prior to the take-off. It has been contended, instead, that the Republic of Korea managed to prevent inequality from rising by (a) rapidly eliminating unemployment, and (b) instituting very strong farm price supports. The unemployment rate fell very steadily, from 7.7 per cent in 1964 to 3.9 per cent in 1976; in the non-farm sector in particular, it fell from 14.4 per cent in 1964 to only 6.3 per cent in 1976 (Choo, 1978, table 11). The farm subsidies were such that for rice the ratio of the government's selling price to its buying price fell from 1.19 in 1968 to only 0.86 in 1975, and

/for

28/ A maximum still in effect today: in 1974, farms of over 3 ha made up only 1.6 per cent of all farm households and only 7.2 per cent of farm area (Wasan, 1977, p. 22).

29/ Defined as wealth obtained through tax evasion, tax exemption and tax reduction of undue nature; profiteering from disposal of public and vested properties; bribery of politicians, officials and bankers; preferential treatment in lending; smuggling; capital flight; monopoly rights. Thirty big businesses were found guilty, and all commercial banks went under government control.

for barley the same ratio fell from 0.90 in 1968 to only 0.75 in 1975 (Hasan, 1977, p. 25). For agriculture as a whole, the index of prices received to prices paid (1970 - 100) rose from 94 in 1968 to 113 in 1976 (Choo, 1978, table 13). Table 13 shows that inequality was moderate by ASEAN standards in 1965 and 1970, but in 1976 there were indications of widening inequality, giving rise to the view that the Republic of Korea may not yet be beyond the Kuznets-hump.

We now turn to the prospects for income inequality in the Republic of Korea in the next decade. There are two sets of projections done by the World Bank, found in Hasan (1977) and Gupta (March 1977). Both use the Gupta projection model,[30/] and have the same general conclusions. For consistency in presentation, we shall use the projections in the Gupta reference (table 14). In the first place, it is felt that a GNP growth rate target of at least 9 per cent per year over the next decade is necessary for there to be acceptable results in equity. The basic run traces an inverted-U, which peaks in 1985 or 1986, the point at which unemployment is expected to turn down sharply (it vanishes by 1988-1989). Thus the Gini ratio expands from .39 in the base year to a peak of .45 in 1986, and drops back to .43 in 1990. The population in poverty is projected to rise from 3 million in 1976 to nearly 5 million in 1986, but falling back to 2.6 million by 1990. The composition of the poor is expected to change dramatically, from 60 per cent urban in 1976 to 100 per cent urban by 1990.

Gupta uses a low-growth scenario of 7-8 per cent annual GNP growth and a high-growth scenario of 9-10 per cent growth. The effect of accelerated growth in his model is to advance the turning point of income inequality a year or two ahead, while decelerated growth postpones the peak to 1990.

/Table 13.

30/ The Gupta model involves fixed log-variances of income in 31 recipient groups consisting of 14 urban production sectors, each with 2 sub-sectors of the employed and the self-employed, plus 3 rural production sectors. Mean incomes of the urban employed depend on their wage rates, which depend in turn on labour productivity, the unemployment rate and the general price level. The urban self-employed obtain residual income. In general, the log-variances used are much higher among the self-employed than among the employed. It may be noted that the model does not take into consideration the distribution of assets, social services, or education.

Table 13. Republic of Korea: Gini concentration ratios from income, 1965, 1970, 1976

	1965	1970	1976
Total	.34	.33	.38
Agricultural households	.29	.29	.33
Non-agricultural households	.42	.35	.41
Employee	.40	.30	.36
Employer	.38	.35	.45

Source: Hakchung Choo (1978), tables 3-7.

Table 14. Republic of Korea: World Bank projections of income inequality, 1981-1990

		Base 1976	1981	1986	1990
Per capita GNP, $US, basic run		594	841	1,159	1,614
Percentage of income to bottom 40 per cent, basic run		18.1	16.3	13.9	14.7
Gini concentration ratio					
Basic run:	Rural	.24	.25		.28
	Urban	.42	.43	.45	.43
	Total	.39	.41	.45	.43
Low growth:	Total	.39	.41	.46	.47
High growth:	Total	.39	.42	.45	.42
Poverty, million persons, basic run		3.0	2.8	4.9	2.6
			1976-1981	1981-1986	1986-1990
GNP growth, % per year					
Low growth			8.4	7.4	7.6
Basic run			9.1	9.1	10.2
High growth			9.1	9.2	10.7

Source: Gupta (March 1977), tables 11 and 20; text p. 24.

/Indonesia

Indonesia

In October 1978, the World Bank issued a report on Employment and Income Distribution in Indonesia. It compared conditions in 1976 with those in 1970 or 1971, among its findings were the following:

1. Over-all measured unemployment has remained essentially unchanged, at slightly over 2 per cent. However, the urban sector's unemployment rate is much greater: 6.5 per cent. Increases in labour force participation rates were judged to be the result of expansion in job openings in job openings rather than of a need of households to put more members to work in order to maintain real incomes in the face of adversity.

2. There has been a discernible increase in the number of landless or near-landless rural workers, and a growing dependence of agricultural households on supplementary non-agricultural sources of income.

3. In absolute terms, average wages are very low. There is little evidence that real wages are either rising or falling over time, and the general pattern is one of wage stagnation. But since total incomes have been rising very rapidly (see table 1), the shares of profits and of property incomes must have been expanding.

4. There is very little variation in average wages between sectors, or between large firms and small firms. Wages in an urban area are only slightly greater than those in the rural area belonging to the same region. There is somewhat greater variation in wages pertaining to different regions.

5. There has been a decrease in poverty. The proportion of the population with consumption of less than Rp 3,000 per person per month (less than $US 0.25 per day) fell from about 50 per cent to about 40 per cent. The absolute numbers of the poor also declined; however, the over-all problem is still huge:

Population in absolute poverty, 1976

(millions)

	Urban	Rural	Total
Java	2.6	35.4	38.0
Outside Java	1.0	11.1	12.1
Indonesia	3.5	46.5	50.1

/(Further

(Further details are found in table 15.) In addition, the report notes that the welfare of the poor has not uniformly improved, since vulnerable groups also exist among the poor, with declining rather than rising consumption levels, and it warns that continued economic growth will not necessarily imply a continued decline in poverty.

6. There are strong indications of increasing relative inequality, since (a) the relative shares of profits and property income are apparently growing, as mentioned earlier; (b) urban per capita consumption has grown by 4.7 per cent per year, and rural per capita consumption by only 2.3 per cent per year; (c) there is likewise a differential between growth in Java and outside Java; (d) the relative inequality within urban areas appears to be growing, and that within rural areas appears to be narrowing; and (e) there is a natural tendency for the first beneficiaries of technological innovations to be those households which are relatively better off to start with.

/Table 15.

Table 15. Incidence and distribution of poverty, a/ urban and rural, Java and outside Java, 1976

(per cent)

		Urban		Rural	
		Incidence	Distribution	Incidence	Distribution
I.	Sumatra	13.5	14.1	28.5	10.1
II.	Java	20.7	70.2	58.7	73.8
	Jakarta	(7.5)	(9.1)	-	-
	West Java	(24.8)	(16.1)	(40.7)	(15.7)
	Central Java	(33.4)	(19.1)	(67.8)	(26.7)
	Jogjakarta	(21.5)	(2.1)	(60.5)	(2.5)
	East Java	(28.0)	(23.9)	(66.3)	(29.0)
III.	Bali and Nusa Tenggara	27.4	3.7	49.5	6.1
IV.	Kalimantan	13.9	4.8	17.3	1.4
V.	Sulawesi	15.7	6.1	45.0	6.4
VI.	Maluku	31.2	1.2	61.9	2.2
	Indonesia	18.7	100.0	50.2	100.0

Source: World Bank (October 1978), table 4.7.

Note: a/ Proportion of regional population with average monthly per capita consumption expenditures less than Rp 3,000 per month (incidence) and regional poverty population as a proportion of total poverty population (distribution). To correct for regional differences in price levels, rupiah consumption expenditures are adjusted to Jakarta prices.

/REFERENCES

REFERENCES

General

CAMS-JERC, Income Distribution, Employment and Economic Development in Southeast and East Asia, Council for Asian Manpower Studies (Quezon City) and Japan Economic Research Center (Tokyo), 1975.

H. Chenery, et al. Redistribution With Growth, Oxford University Press for the World Bank and the Institute of Development Studies, University of Sussex, 1974.

W. R. Cline, "Distribution and Development: A Survey of Literature", Journal of Development Economics, 1975.

ESCAP, "Policies, Programmes and Perspectives for the Development of the ESCAP Region/Regional Development Strategies for the 1980's: Medium and Long-Term Prospects", Note by the Secretariat for the Thirty-Fourth Session of March 1978, E/ESCAP/80, Bangkok, 16 January 1978.

ILO, "Basic Needs: Objectives and Policies in Long-Term Development Planning," [no date; sent by ESCAP, September 1978].

ILO, Poverty and Landlessness in Rural Asia, Geneva, 1977.

Mahbub ul Haq, The Poverty Curtain: Choices for the Third World, Columbia University Press, New York, 1976.

Harry T. Oshima and Toshiyuki Mizoguchi, eds., Income Distribution By Sectors and Over Time in East and Southeast Asian Countries, Council for Asian Manpower Studies (Quezon City) and Institute of Economic Research, Hitotsubashi University (Tokyo), 1978.

Felix Paukert, "Income Distribution at Different Levels of Development: A Survey of Evidence", International Labor Review, 108:2-3 (August-September 1973).

Hong Kong

Laurence L. C. Chau, "Distribution of Wage Income in Hong Kong", in Oshima-Mizoguchi, (1978).

/Indonesia

Indonesia

S. Gupta, A Model for Income Distribution, Employment and Growth: A Case Study of Indonesia, Johns Hopkins University Press for the World Bank, Baltimore, 1977.

D. Y. King and P. D. Weldon, "Income Distribution and Levels of Living in Java, 1963-1970", Economic Development and Cultural Change, 25:4, July 1977.

D. S. Paauw, "The Indonesian Economy in the 1980s", paper prepared for ESCAP project on New Patterns and Strategies of Development in the ESCAP region for DD3 (1980-1989), November 1978.

G. F. Papanek and D. Kuntjoro-Jakti, "The Poor of Jakarta", Economic Development and Cultural Change, 24:1, October 1975.

World Bank, Employment and Income Distribution in Indonesia, Studies in Employment and Rural Development No. 51, Development Policy Staff, Washington, D. C., October 1978.

The Republic of Korea

Hakchung Choo, "Economic Growth and Income Distribution in Korea", Korea Development Institute, Working Paper 7810, September 1978.

_____, "Some Sources of Relative Equity on Korean Income Distribution: A Historical Perspective", in CAMS-JERC (1975).

S. Gupta, Alternative Development Strategies of Korea (1976-1990) in an Input-Output Dynamic Simulation Model. World Bank Staff Working Paper No. 250, March 1977.

Parvez Hasan et al., Growth and Prospects of the Korean Economy, World Bank Mission Report No. 1489-KO, February 23, 1977.

Malaysia

Sudhir Anand, "Aspects of Poverty in Malaysia", Review of Income and Wealth, 23:1, March 1977.

/Arshad

Arshad Ayub, "Growth and Redistribution: A Theoretical Review and the Malaysian Experiehce", paper presented at the Fifth Malaysian Economic Convention, Penang, May 1978.

Mahathir, M., The Malay Dilemna, Donald Moore Press, Singapore, 1970.

Mahar Mangahas, "Indices of Ethnic Fractionalization and Imbalance", SERGPU/UNICEF Social Indicators Project Report No. 5, Kuala Lumpur, March 1978.

Jacob Meerman, "The Distribution of Public Expenditure in Peninsular Malaysia", mimeo, 1976.

Rogayah Hj. Mat Zin and Ishak Shari, "Some aspects of Income Inequality in Peninsular Malaysia, 1957-1970", Universiti Kebangsaan Malaysia, September 1977.

Socio-economic Research and General Planning Unit (Malaysia), Malaysian Social Indicators: Report of the 1977/78 SERGPU/UNICEF Social Indicators Project, Prime Minister's Department, Kuala Lumpur, October 1978.

Sulaiman Mahbob, "Problem and Issue of Poverty Among the Malays - An Evaluation of the Public Sector Program", paper presented at the Bumiputra Economic Convention, Universiti Kebangsaan Malaysia, March 1978.

Mokhzani, "(title to be supplied later)", paper presented at the Bumiputra Economic Convention, Universiti Kebangsaan Malaysia, March 1978.

R. Thillainathan, "Inter-Racial Imbalance in Malaysian Employment and Wealth: An Evaluation of Distributional Targets", The Developing Economies 14:3 (September 1976).

_____, "The Twenty-Year Plan for Restructuring Employment in Peninsular Malaysia - A Quarterly Assessment", paper read at the Fifth Malaysian Economic Convention, Penang, May 1978.

The Philippines

Ma. A. S. Abrera, "Philippine Poverty Thresholds", in Measuring Philippin- Development, ed. M. Mangahas, Development Academy of the Philippines, 1976.

Development Academy of the Philippines, Measuring the Quality of Life: Philippine Social Indicators, 1975.

/José

José Encarnación, Jr., "Income Distribution in the Philippines: The Employed and the Self-Employed", in CAMS-JERC (1975.)

T. Jayme-Ho, "Redistribution of Income Through National Government Expenditure", M.A. Thesis, University of the Philippines, 1974.

International Labour Organization, Sharing in Development: A Programme of Employment, Equity and Growth for the Philippines, Geneva, 1974.

Antonio Lim, An Evaluation of Income Distribution Data Sources in the Philippines, M.A. Thesis, U. P. School of Economics, 1977.

Mahar Mangahas, "Income Inequality in the Philippines: A decomposition Analysis", in Income Distribution, Employment and Economic Development in Southeast and East Asia, Vol. 1, The Japan Economic Research Center and the Council for Asian Manpower Studies, 1975.

_____, "Equity Objectives for Development Planning", Philippine Economic Journal, 15:3 (1976), 439-52.

_____, "Economic Aspects of Agrarian Reform Under the New Society", Philippine Review of Business and Economics, 11:2 (December 1974).

_____, "On the Construction of an Income Distribution Model: Baseline Data and Projections", PREPF Equity Project Technical Paper, September 1977(2).

_____, "On the Filipino Definition of Income Equity", PREPF Technical Paper, University of the Philippines School of Economics, September 1977(1).

_____, "On How to Measure Poverty", University of the Philippines School of Economics Discussion Paper 7905, March 1979.

_____, (ed.), Measuring Philippine Development, Development Academy of the Philippines, 1976.

Mahar Mangahas, V. Miralao and R. de los Reyes, Tenants, Lessees, Owners: Welfare Implications of Tenure Change, Quezon City: Ateneo de Manila University Press for the Institute of Philippine Culture and the Institute of Economic Development and Research, 1976.

Mahar Mangahas, J. Quizon and A. Lim, "A Critique of the NCSO 1975 Family Income and Expenditure Survey", PREPF Equity Project Technical Paper, September 1977.

/F.

F. Marcos, "The Conquest of Poverty", in Development for the New Society, Department of Public Information, Manila, 1974.

NEDA, Five-Year Philippine Development Plan, 1978-1982, Manila, September 1977.

NEDA, Four-Year Development Plan, FY 1974-1977, Manila, 1973.

L. Sta. Romana III, "Indicators of Economic Well-Being", in Measuring Philippine Development, ed. M. Mangahas, Development Academy of the Philippines, 1976.

Jaime B. Quizon, "The Distribution of Labour Incomes in the Philippines", PREPF Technical Paper, U.P. School of Economics, September 1977.

Singapore

Pang Eng Fong, "Growth, Inequality and Race in Singapore", International Labour Review, 3:1, January 1975.

V.V. Bhanoji Rao and M.K. Ramakrishnan, "Economic Growth, Structural Change and Income Inequality, Singapore, 1966-1975", Malayan Economic Review, October 1976

Thailand

National Economic and Social Development Board (Thailand), The Fourth National Economic and Social Development Plan (1977-1981), Office of the Prime Minister, Bangkok.

World Bank, Thailand: Toward a Development Strategy of Full Participation, Report No. 2059-TH, East Asia and Pacific Regional Office, September 1, 1978 /RESTRICTED/.